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FM AMCONSUL LAGOS
TO RUEHC/SECSTATE WASHDC PRIORITY 1058
INFO RUEHZK/ECOWAS COLLECTIVE
RUEHUJA/AMEMBASSY ABUJA 0617
RUEHLO/AMEMBASSY LONDON 0816
RUEHTC/AMEMBASSY THE HAGUE 0668
RUEHVI/AMEMBASSY VIENNA 0082
RUEAIIA/CIA WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUCPDOC/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 000446

SENSITIVE
SIPDIS

COMMERCE FOR KBURRESS
AFRICOM FOR CGAY
TREASURY FOR DPETERS, RHALL, RABDULRAZAK
STATE PASS USTR FOR LISER, AGAMA
STATE PASS OPIC FOR ZHAN, MSTUCKART, JEDWARDS
STATE PASS TDA FOR EEBONG, DSHUSTER
STATE PASS EXIM FOR JRICHTER
STATE PASS USAID FOR NFREEMAN, GBERTOLIN
USDOC FOR 3130/USFC/OIO/ANESA/DHARRIS

E.O. 12958: DECL: 11/30/2019
TAGS: [EPET](#) [ECON](#) [EFIN](#) [EINV](#) [PGOV](#) [NI](#)
SUBJECT: IOCS ASSUME PASSAGE OF NIGERIAN PETROLEUM BILL

REF: A. LAGOS 393

B.SUQQBQcies as well.

Industry has assumed the passage of the Petroleum Industry Bill in early 2010 as industry ex-patriates are making plans for next assignments out of Nigeria with new projects drying up. Shell is bucking the trend by implementing new projects.

END SUMMARY

PIB TO PASS EARLY 2010

[¶2.](#) C) Total Management Consultant O.B. Haffner stated that the Senate sub-committee met in Calabar the week of October [19](#). Sub-Committee members recommended cutting the Petroleum Equalization Fund (PEF) and the Mid-Stream Regulatory Agency because they would not support policies of deregulation in the post-PIB era, according to Guardian newspaper. The House sub-committee on Downstream, Gas and Upstream planned to meet in Calabar in November to prepare a report on their recommendations, per Haffner. It will take two weeks to read this report once published. The reading will effectively change the bill that is being considered on the House floor. Such changes will effectively delay any vote on the bill until January.

HIGH LEVEL PIB MEETINGS, DELAY AND CHANGES

[¶3.](#) (C) Shell VP Ann Pickard stated that Shell's Chief Executive Officer (CEO) Peter Voser spoke with President Yar'Adua and Minister of Petroleum Lukman on October 22 for 30 minutes. Lukman met with the President behind closed doors for over two hours after the Shell meeting. The outcomes of these meetings saw VP Jonathan calling a meeting to "better understand" the PIB over the weekend of October 24-25, per Pickard. Lukman postponed plans to meet with heads of other agencies such as the Ministry of Finance (MOF), Nigerian National Petroleum Company (NNPC) and others

to discuss particulars of the PIB, according to Haffner.

UQ4wQing work through 2010 but was making plans to return to school in Ireland after that. Jai Chopra was considering moving back to Houston or Southeast Asia where there was more work. Other contacts had heard that Exxon currently has 70 openings for project managers. These openings are tied to projects that were being considered but are now on hold due to uncertainty of the PIB.

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15. (C) Shell Head of Business Integrity Crockett Oaks stated on October 24 that Shell was revitalizing previously shelved projects. Ann Pickard is slated for a new position in Perth, Australia early 2010. She oversaw a period of decline for Shell with less jobs and less oil production during her time in Nigeria. Shell housing is now 60 percent empty per Oaks and Phillips. Her successor will be tasked with either keeping the status quo or with growing the business. Oaks thought it strange to focus on growth with the likelihood of PIB approval looming.

COMMENT

16. (C) The continuing uncertainty over the future of the oil industry is causing oil workers to look outside Nigeria for guaranteed, long-term employment. Meanwhile, the international oil companies with deeper pockets can afford to take a longer view and look into new projects. Recent repairs on the Forcados pipeline are expected to bring 400,000 barrels per day of Shell's shut-in oil production online by the end of the year. Shell will still have an additional 500,000 barrels per day shut-in as a result of earlier unrest in the Niger Delta. END COMMENT

BLAIR